



An African Perspective: No Good Will Come From NOPEC

NJ Ayuk, CEO of Centurion Law Group, on why anti-OPEC legislation is bad for America and its partners in Africa. Find the full story at africaoilandpower.com

JOHANNESBURG, GAUTENG, SOUTH AFRICA, July 24, 2018 /EINPresswire.com/ -- By NJ Ayuk, CEO of Centurion Law Group

Throughout the years I spent as an undergraduate and law school student in the U.S., one of the things I truly admired was American ingenuity. I loved following news stories about U.S. startups that scraped together enough money to go overseas, explored for oil – and despite overwhelming odds, achieved success.

These companies were creating opportunities both for Americans and the people in their host countries.

It was the American Dream playing out before my eyes. There is no doubt in my mind that those stories inspired my career trajectory in Africa where I have had a chance to advise many African governments on oil matters and improving relations with one another.

Needless to say, it is disheartening to see a country like the United States that is simultaneously responsible for innovation while proposing legislation that undermines innovation in places overseas.

And that is just one of the unintended consequences the proposed No Oil Producing and Exporting Cartels Act (NOPEC) could have. In the end, the US House of Representatives bill could likely produce the opposite result of the business ventures that inspired me as a student: it will lead to fewer opportunities for Americans and for the countries they partner with.

At this year's [Africa Oil & Power conference](#) in Cape Town, South Africa from September 5 to 7, 2018, the NOPEC bill and the wider ranging impact on US investment in the African continent will be hot topics of discussion.

The Legislation:

NOPEC seizes on American anti-OPEC (Organization of Petroleum Exporting Countries) sentiment and creates the appearance that Congress is taking steps to lower US gasoline prices before midterm elections this November.

The bill would make it illegal for foreign states to limit production of oil and gas, fix prices or restrain trade in those products. US courts consider sovereign foreign governments immune from US law. NOPEC would erase that immunity for OPEC and its member countries and allow the US Attorney General to bring antitrust lawsuits against them, potentially for billions of dollars in reparations.

NOPEC is not new legislation. Congress has tried to pass it more than a dozen times since it was first introduced in 2000, but it has never been able to overcome veto threats by Presidents George W. Bush and Barack Obama. Of course, now there is a new sheriff in town – one who has

already expressed anti-OPEC sentiments.

When U.S. Rep. Steve Chabot R-Ohio introduced a recycled version of NOPEC in May, he and his fellow Congress members knew the legislation has a very real possibility of being signed by President Donald Trump. Not only has the president Tweeted unfavorably about OPEC this summer, he has blasted the organization in his 2011 book, *Time to Get Tough: Making America #1 Again!*

The bill already has cleared an early hurdle. The House Judiciary Committee approved it in June, and it could go for a vote before the full House of Representatives within the next couple of months.

Meanwhile, a bipartisan group has introduced a companion bill in the Senate with similar objectives.

Despite popular support for legalizing law suits against OPEC, these bills are not good for America, or for the global economy.

The Downsides:

American frustration with OPEC is understandable. Because it has historically controlled as much of 80 percent of the world's oil production, OPEC has been able to influence supply—and prices—by limiting or increasing output. And for decades, the U.S. has been forced to live with the consequences.

But attempting to take OPEC down with punishing lawsuits is not in America's best interests. In 2007, when a nearly identical version of NOPEC was under consideration, the U.S. Office of Management and Budget warned that legal action against OPEC and its members could result in oil supply disruptions, and instead of lowering gasoline prices, the lawsuits likely would cause prices to surge upward. Treasury Secretary Henry Paulson said that the mere passage of NOPEC would threaten foreign investment in the US: OPEC nations might withdraw assets to prevent them from being seized.

Those weren't unreasonable claims, and the same risks hold today...

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NJ Ayuk
Centurion Law Group
0027112455900
[email us here](#)

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